

Amend HB 1900 (senate committee printing) as follows:

(1) In SECTION 3 of the bill, on page 2, line 27, strike "a particular storm" and substitute "an occurrence".

(2) Strike SECTION 5 of the bill (page 2, line 41) and substitute the following:

SECTION 5. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2019.

(3) Add the following appropriately numbered SECTIONS to the bill and renumber the subsequent SECTIONS of the bill accordingly:

SECTION _____. Section 2210.071, Insurance Code, is amended to read as follows:

Sec. 2210.071. PAYMENT OF EXCESS LOSSES. (a) If, in a catastrophe year, an occurrence or series of occurrences in a catastrophe area results in insured losses and operating expenses of the association in excess of premium and other revenue of the association, the excess losses and operating expenses shall be paid as provided by this subchapter.

(b) The association may not pay insured losses and operating expenses resulting from an occurrence or series of occurrences in a catastrophe year with premium and other revenue earned in a subsequent year.

SECTION _____. Section 2210.0715, Insurance Code, is amended to read as follows:

Sec. 2210.0715. PAYMENT FROM RESERVES AND TRUST FUND. (a) The association shall pay losses resulting from an occurrence or series of occurrences in a catastrophe year in excess of premium and other revenue of the association for that catastrophe year from ~~[available]~~ reserves of the association available before or accrued during that catastrophe year and ~~[available]~~ amounts in the catastrophe reserve trust fund available before or accrued during that catastrophe year.

(b) Proceeds of ~~[Class 1]~~ public securities issued or assessments made before or as a result ~~[the date]~~ of any occurrence

or series of occurrences in a catastrophe year that results in insured losses may not be included in [~~available~~] reserves available for a subsequent catastrophe year for purposes of this section.

SECTION _____. Subchapter C, Chapter 2210, Insurance Code, is amended by adding Section 2210.1052 to read as follows:

Sec. 2210.1052. EMERGENCY MEETING. If the ultimate loss estimate for an occurrence or series of occurrences made by the chief financial officer or chief actuary of the association indicates member insurers may be subject to an assessment under Subchapter B-1, the board of directors shall call an emergency meeting to notify the member insurers about the assessment.

SECTION _____. Section 2210.453, Insurance Code, is amended by adding Subsections (d) and (e) to read as follows:

(d) The cost of the reinsurance purchased or alternative financing mechanisms used under this section in excess of the minimum funding level required by Subsection (b) shall be paid by assessments as provided by this subsection. The association, with the approval of the commissioner, shall notify each member of the association of the amount of the member's assessment under this subsection. The proportion of the cost to each insurer under this subsection shall be determined in the manner used to determine each insurer's participation in the association for the year under Section 2210.052.

(e) A member of the association may not recoup an assessment paid under Subsection (d) through a premium surcharge or tax credit.

SECTION _____. Chapter 2210, Insurance Code, is amended by adding Subchapter N-1 to read as follows:

SUBCHAPTER N-1. LEGISLATIVE FUNDING AND FUNDING STRUCTURE

OVERSIGHT BOARD

Sec. 2210.661. DEFINITION. In this subchapter, "board" means the windstorm insurance legislative funding and funding structure oversight board.

Sec. 2210.662. COMPOSITION OF BOARD. The board is composed of eight members as follows:

(1) four members of the senate appointed by the

lieutenant governor including the chairperson of the Senate Business and Commerce Committee, who shall serve as co-chairperson of the board; and

(2) four members of the house of representatives appointed by the speaker of the house of representatives.

Sec. 2210.663. POWERS AND DUTIES OF BOARD. (a) The board shall:

(1) gather information regarding:

(A) how the association's current funding and funding structure operate;

(B) how the catastrophic risk pools of other states operate; and

(C) other information that the board considers necessary to prepare the report required by Section 2210.664; and

(2) hold public meetings to hear testimony from experts, stakeholders, and other interested parties regarding recommendations and proposals for establishing and implementing sustainable funding and a sustainable funding structure for the association.

(b) The board may request reports and other information as necessary to implement this subchapter from:

(1) the department;

(2) the association; and

(3) experts, stakeholders, and other interested parties described by Subsection (a)(2).

Sec. 2210.664. REPORT. (a) The board shall prepare a report of the board's findings regarding the current funding and funding structure of the association, problems with the funding and funding structure, and recommendations for legislative action related to the funding, funding structure, and sustainability of the association. The report must include:

(1) an analysis of the current funding, funding structure, and sustainability of the association, including the association's reliance on debt and reinsurance; and

(2) recommendations for legislative action necessary to:

(A) address problems with the current funding and

funding structure of the association; and

(B) foster the stability and sustainability of the association.

(b) Not later than November 15, 2020, the board shall deliver the report prepared under Subsection (a) to:

(1) the governor;

(2) the lieutenant governor; and

(3) the speaker of the house of representatives.

Sec. 2210.665. EXPIRATION. This subchapter expires September 1, 2021.

SECTION _____. (a) The windstorm insurance legislative oversight board established under Subchapter N, Chapter 2210, Insurance Code, shall conduct a study to evaluate a merger of the Texas Windstorm Insurance Association established under Chapter 2210, Insurance Code, and the Fair Access to Insurance Requirements Plan established under Chapter 2211, Insurance Code.

(b) The evaluation must consider:

(1) the affordability and availability of windstorm and hail insurance throughout this state and, in particular, in the seacoast territory as defined by Section 2210.003, Insurance Code;

(2) the affordability and availability of residential property insurance throughout this state and, in particular, in underserved areas as defined by Section 2211.001, Insurance Code;

(3) the advisability of merging the Texas Windstorm Insurance Association and the Fair Access to Insurance Requirements Plan to provide windstorm and hail and residential property insurance in this state;

(4) any efficiencies or inefficiencies from a merger of the Texas Windstorm Insurance Association and the Fair Access to Insurance Requirements Plan;

(5) the funding necessary to ensure that windstorm and hail and residential property insurance are available after the merger of the Texas Windstorm Insurance Association and the Fair Access to Insurance Requirements Plan; and

(6) any other items the windstorm insurance legislative oversight board determines are relevant to a merger of the Texas Windstorm Insurance Association and the Fair Access to

Insurance Requirements Plan.

(c) Not later than January 1, 2021, the windstorm insurance legislative oversight board shall submit to the governor, the lieutenant governor, the speaker of the house of representatives, and the Texas Department of Insurance a written report of the study conducted under Subsection (a) of this section. The report must include the findings and legislative recommendations of the board.

(d) This section expires January 1, 2022.